

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of:

THE REQUEST FOR APPROVAL OF)
BORROWING BY THE ANGLE AND) CASE NO. 7966
BEGLEY DEVELOPMENT, INC.)

O R D E R

Preface

On June 30, 1980, the Angle and Begley Development, Inc., hereinafter referred to as the "Utility" filed with this Commission a document described as a "Response and Request" to the Commission's Order entered May 30, 1980, in Case No. 7659. This document requested assistance from the Commission for obtaining a Third Party Beneficiary Agreement and requested approval of the Utility's proposed borrowing to provide for payment of miscellaneous expenses and for the purpose of making refunds to its customers as ordered by the Commission in Case No. 7659.

The Utility's "Request for Approval of Borrowing" was established as a separate case matter and was set for hearing at the Commission's offices in Frankfort, Kentucky on September 25, 1980. The Consumer Intervention Division of the Attorney General's Office is the only intervenor of record in this matter. At the hearing certain requests for additional information were made by the Commission staff. Pursuant to the conclusion that all requested information and other pertinent matters have been filed, this matter is now considered to be fully submitted for a final determination by the Commission.

In accordance with the requirement set forth in Finding No. 6 of the Commission's Order entered May 30, 1980 in Case No. 7569, the Utility Calculated that all monies collected by means of its unapproved rate adjustment totalled \$1,911.00 as of June 30, 1980. This information was included in the aforementioned "Response and Request" document; which alleged therein that the Utility's limited cash flow would not provide for accumulation of the money needed to make the required refunds.

The Effective date for the rates prescribed by the Order entered in Case No. 7659 was set forth therein as that future date on which the Utility complied with this Commission's requirement for the filing of a Third Party Beneficiary Agreement, or an acceptable alternative agreement whereby the continuity of service to its customers would be guaranteed. Because of the Utility's unsuccessful attempts to obtain such an Agreement, it had not, as of the date of this Order, met the requirements for implementation of the new rates authorized by this Commission.

Matters concerning the filing requirement of the said Agreement and further findings regarding the effective date for the new rates have been addressed in detail by a Companion Order in Case No. 7965 entered November 21, 1980.

In order to comply with the Commission's Order in Case No. 7659, the Utility has requested permission to borrow \$12,773.00 to accomodate the following: refund of the aforementioned \$1,911.00, \$4,875.00 to construct a security fence, \$592.00 for liability insurance, \$3,775.00 to repair a polishing lagoon and \$1,620.00 for delinquent payments of Ad Velorem taxes and Regulatory Commission assessments. The said amounts were submitted to the Commission June 30, 1980, in the Utility's document described as "Response and Request."

Finding In This Matter

The Commission, having considered the requirements set forth in its Order entered May 30, 1980 in Case No. 7659, the additional testimony and evidence presented at the September 25, 1980 hearing, and being advised, is of the opinion and FINDS:

1. That the Utility's request for approval of its proposed borrowing from a local banking institution at the best attainable interest rate with a 10-year repayment period should be approved. The debt service on that part of the said borrowing obtained for the explicit purpose of making refunds to customers, however, will not be considered an allowable expense for rate-making purposes.

2. That the Utility's proposed borrowing is for lawful and proper objects within the corporate purposes of the Utility and is necessary and appropriate for the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

3. That matters concerning the filing requirement of the Third Party Beneficiary Agreement or acceptable alternative agreement have been addressed in detail by a Companion Order entered November 21, 1980 in Case No. 7965. Further, that the "Effective Date" for the rates authorized by the Order entered May 30, 1980 in Case No. 7659 has now been established as November 21, 1980 by the Order entered in Case No. 7965.

4. That the Utility has continued to charge a monthly rate that is \$1.00 more than its \$7.00 authorized rate and this will cause refunds to be in excess of the aforementioned \$1,911.00 total as of June 30, 1980. Further, that a revised computation of all refunds due up to November 21, 1980 and a plan and schedule for said refunding should be submitted to the Commission within twenty (20) days of the date of this Order. Further, that refunding should be completed within sixty (60) days of Commission approval of said refunding plan. A Certificate of Compliance, stating that all refunds have been made should be filed with this Commission within fifteen (15) days of completion of said refunds.

ORDERS IN THIS MATTER

The Commission on the basis of the matters hereinbefore set forth and the evidentiary record in this case:

HEREBY Orders that the Utility be and is hereby authorized to negotiate a ten-year loan at the best attainable interest rate from a local banking institution in the amount of \$12,773.00 For rate making purposes, however, the Utility's allowable debt service expense shall exclude the amount required for servicing the debt on the money borrowed for the explicit purpose of making refunds to customers. Further, that the proceeds from this borrowing shall be used only for the lawful objects of the Utility as set forth in the "Response and Request."

IT IS FURTHER ORDERED that the Utility shall, in accordance with Finding No. 4 of this Order, submit to the Commission within twenty (20) days of the date of this Order a revised tabulation of all refunds due each customer thru November 21, 1980. Further, that all refunds shall be completed within sixty (60) days of the date the Utility is notified by this Commission to proceed with the making of said refunds. Further, that a Certificate of Compliance stating that all refunds have been made shall be filed with this Commission within fifteen (15) days

of completion of said refunds.

Done at Frankfort, Kentucky this 12th day of December, 1980.

By the Commission

ATTEST:

Secretary